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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JAN 31 2022

DOCKETED BY

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LEA MÁRQUEZ PETERSON -
Chairwoman
SANDRA D. KENNEDY
JUSTIN OLSON
ANNA TOVAR
JIM O'CONNOR

In the matter of

Voice of Guo Media, Inc., an Arizona
Corporation

Lihong Wei Lafrenz AKA Sara Wei,
respondent

Respondents.

) DOCKET NO. S-21173A-21-0401

) DECISION NO. 78418

) ORDER TO CEASE AND DESIST AND
) ORDER FOR ADMINISTRATIVE
) PENALTIES AND CONSENT TO SAME

) BY: LIHONG WEI LAFRENZ AKA SARA
) WEI AND VOICE OF GUO MEDIA, INC.

Respondents Voice of Guo Media, Inc. and Lihong Wei Lafrenz AKA Sara Wei elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist and Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, Respondent Voice of Guo Media, Inc. ("VGM") was a corporation that was filed under the laws of the State of Arizona on July 8, 2019 and was approved on June 2, 2020.

2. Respondent Lihong Wei Lafrenz AKA Sara Wei ("Lafrenz") is the Director, Incorporator, and President of VGM. At all relevant times Lafrenz was a resident of Arizona.

3. VGM and Lafrenz may be collectively referred to as "Respondents."

4. At all times relevant, neither VGM nor Lafrenz were registered as dealers or salesmen in Arizona and the securities (as described below) were not registered in Arizona.

5. GTV Media Group, Inc. ("GTV") and Saraca Media Group, Inc. ("Saraca," collectively, the "G Entities") are Delaware corporations based in New York, New York. Saraca wholly owned GTV.

6. At all times relevant, the G Entities were not registered as dealers or salesmen in Arizona and the securities (as described below) were not registered in Arizona.

7. Beginning on at least August 30, 2019, Lafrenz had knowledge of and a business relationship with Saraca.

8. Saraca's "sponsor" is Guo Wengui aka Miles Guo aka Miles Kwok ("Guo"). Guo controls GTV.

9. From approximately April 2020 through June 2020, the G Entities, through their management team and agents, marketed an opportunity to purchase stock in GTV to the general public (the "Stock Offering").

10. The G Entities represented that investors would receive a return of funds from GTV's Social Media Business.

1 11. The G Entities represented that they had been operating independent news
2 organizations for the past three years, including Gnews, GPost and Guo Media. The G Entities
3 stated that these organizations had a “vast audience” and “wide support.”

4 12. The G Entities represented that during a one week test period the web version of
5 GTV of had 97,994 new visitors to the site and over 774 million views.

6 13. The purpose of the site was represented to be to provide a safe space to advocate
7 for freedom of speech, human rights and democracy for China.

8 14. The G Entities represented that approximately 70% of the funds were stated to go
9 towards the acquisition of companies to strengthen and grow GTV; 10% for upgrading of GTV
10 technology and security; 8% for marketing; 7% for working capital and 5% for “other.”

11 15. The G Entities stated they would issue a minimum of 20 million new shares and a
12 maximum of 200 million new shares to investors at a price of \$1 US per share and a target closing
13 date of May 25, 2020. In total, the G Entities sold approximately \$339 million worth of GTV
14 common stock to more than 1,000 investors, including U.S. investors.

15 16. From approximately April 2020 through June 2020, the G Entities directed VGM
16 and Lafrenz to solicit investors to participate in the Stock Offering. Specifically, Saraca and GTV
17 directed Respondents to purchase GTV stock from the G Entities on behalf of prospective investors
18 who wanted to invest less than \$100,000. Respondents then solicited investors and collected
19 investor funds for the purpose of purchasing shares of GTV stock on their behalf. There was no
20 minimum investment amount to invest in the Stock Offering through VGM and investment
21 amounts were generally in the amount of \$100 or more.

22 17. To help facilitate Respondents’ role in offering and selling of GTV stock, the G
23 Entities gave Respondents a one-page Limited Purpose Agency Agreement (“LPAA”) to provide
24 to prospective investors in the Stock Offering. The LPAA specified that, in return for minimal
25 consideration, the investor, through the LPAA, would assign to VGM the right to purchase “certain
26

1 shares of GTV Media Group, Inc.” on their behalf. The investor also appointed VGM as the
2 “Investor’s true and lawful agent and attorney-in-fact...”

3 18. The LPAA included VGM’s contact information, including Respondent Lafrenz’s
4 Tucson, Arizona address.

5 19. Based on these instructions from GTV and Saraca, beginning in at least April 2020,
6 VGM and Lafrenz actively promoted the Stock Offering by discussing the opportunity to invest in
7 GTV in online chatrooms such as Discord and through email.

8 20. For example, an email from Respondent Lafrenz to a potential investor Lafrenz
9 stated, “The minimum investment is \$100,000. Less than 100,000 [*sic*]: Based on trust, you can
10 join our VOG team. If you are sure, please reply and register for you. Please attach a donation
11 from the Rule of Law Fund to prove guo’s [*sic*] experience.” The investor responded that they
12 have attached a copy of “my three small donations.”

13 21. Through Discord and/or email, VGM and Lafrenz provided instructions on how to
14 send investment funds to a VGM account. Specifically, in response to inquiries received from
15 prospective investors about the Stock Offering, Respondents sent prospective investors a text
16 message with a link to a folder on its Google Drive that contained the LPAA as well as instructions
17 to a VGM bank account.

18 22. As part of the Stock Offering, Respondents sold approximately \$114 million in
19 GTV stock to more than 4,500 investors, including U.S. investors. Investors are located in at least
20 37 states, including Arizona, and at least 39 countries.

21 23. Ultimately, investors who provided funds to Respondents did not receive stock in
22 GTV. Investors did not receive a return on their investment or any profit.

23 24. Respondents did not inquire about the investors’ net worth, annual income or
24 inquire as to other financial information that would allow Respondents to identify whether the
25 investors were accredited prior to investing. Some investors were not asked if they were accredited
26 prior to their investment in GTV. Some investors were accredited investors and some were not.

25. If investors did not have the \$100,000 to invest, their funds could be pooled with those of other investors to make the required \$100,000.

26. At the direction of the G Entities, Respondents transferred a total of \$61,274,318 in funds received from investors through the Stock Offering to the G Entities. Specifically, on May 15, 2020, Respondents provided separate \$15 million checks each to GTV and Saraca. Respondents also provided Saraca with a check for \$31,274,318.

27. Respondents solicited investors over social media and provided limited details about the investment.

28. The Securities and Exchange Commission (“SEC”) investigated GTV, Saraca’s, and VGM’s sale of unregistered securities. On September 13, 2021, the SEC charged GTV, Saraca, and VGM with conducting an illegal unregistered offering of GTV common stock in violation of Section 5 of the Securities Act of 1933.

29. Without admitting or denying the SEC's findings that it violated Section 5 of the Securities Act of 1933, VGM agreed to a cease-and-desist order (the "SEC Order") and to pay disgorgement of more than \$52 million to the SEC. The SEC Order, which the SEC approved, establishes a Fair Fund to return monies to injured investors.

30. Aside from the \$61,274,318 in investor funds that Respondents sent to the G Entities which the SEC ordered the G Entities to disgorge to it, Respondents have transferred more than \$52,500,000 that Lafrenz and VGM received to the SEC in compliance with the disgorgement requirement of the SEC Order, to be administered as part of the Fair Fund and ultimately distributed to investors.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

6. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents shall, jointly and severally, pay an administrative penalty in the amount of \$100,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

1 For purposes of this Order, a bankruptcy filing by Respondents shall be an act of default.
2 If Respondents do not comply with this Order, any outstanding balance may be deemed in default
3 and shall be immediately due and payable.

4 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the
5 Commission may bring further legal proceedings against Respondents, including application to the
6 superior court for an order of contempt.

7 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this
8 Order shall be deemed binding against any Respondent under this Docket Number who has not
9 consented to the entry of this Order.

10 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this
11 Order shall be deemed binding against any Respondent under this Docket Number who has not
12 consented to the entry of this Order.

13 IT IS FURTHER ORDERED removing Respondents VGM and Lafrenz from the Service
14 List for future filings in this Docket Number.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRWOMAN MÁRQUEZ PETERSON


COMMISSIONER KENNEDY

  
COMMISSIONER OLSON COMMISSIONER TOVAR COMMISSIONER O'CONNOR



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this 31 day of
January, 2022.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA
Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

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CONSENT TO ENTRY OF ORDER

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2 1. Respondents admit the jurisdiction of the Commission over the subject matter of
3 this proceeding. Respondents acknowledge that Respondents have been fully advised of
4 Respondents' right to a hearing to present evidence and call witnesses and Respondents knowingly
5 and voluntarily waive any and all rights to a hearing before the Commission and all other rights
6 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
7 Administrative Code. Respondents acknowledge that this Order to Cease and Desist and Order for
8 Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the
9 Commission.

10 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
12 resulting from the entry of this Order.

13 3. Respondents acknowledge and agree that this Order is entered into freely and
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 4. Respondents have been represented by an attorney in this matter, Respondents have
16 reviewed this order with attorney, Keith Beauchamp of Coppersmith Brockelman, PLC, and
17 understand all terms it contains.

18 5. Respondent Lafrenz and Respondent VGM acknowledge that their attorney has
19 apprised them of their rights regarding any conflicts of interest arising from dual representation.
20 Respondent Lafrenz and Respondent VGM acknowledge that they have each given their informed
21 consent to such representation.

22 6. Respondents admit the Findings of Fact and Conclusions of Law contained in this
23 Order. Respondents agree that Respondents shall not contest the validity of the Findings of Fact
24 and Conclusions of Law contained in this Order in any present or future proceeding in which the
25 Commission is a party.
26

1 7. Respondents further agree that they shall not deny or contest the Findings of Fact
2 and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy
3 proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively,
4 “proceeding(s)”). They further agree that in any such proceedings, the Findings of Fact and
5 Conclusions of Law contained in this Order may be taken as true and correct and that this Order
6 shall collaterally estop them from re-litigating with the Commission or any other state agency, in
7 any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order.
8 In the event Respondents pursues bankruptcy protection in the future, they further agree that in
9 such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances
10 exist:

11 A. The obligations incurred as a result of this Order are a result of the conduct set forth
12 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
13 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

14 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
15 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
16 Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine,
17 penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment
18 owed by Respondents.

19 8. By consenting to the entry of this Order, Respondents agree not to take any action
20 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
21 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without
22 factual basis.

23 9. While this Order settles this administrative matter between Respondents and the
24 Commission, Respondents understand that this Order does not preclude the Commission from
25 instituting other administrative or civil proceedings based on violations that are not addressed by
26 this Order.

1 10. Respondents understand that this Order does not preclude the Commission from
2 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
3 that may be related to the matters addressed by this Order.

4 11. Respondents understand that this Order does not preclude any other agency or
5 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
6 proceedings that may be related to matters addressed by this Order.

7 12. Respondents agree that Respondents will not apply to the state of Arizona for
8 registration as a securities dealer or salesman or for licensure as an investment adviser or
9 investment adviser representative until such time as all penalties under this Order are paid in full.

10 13. Respondents agree that Respondents will not exercise any control over any entity
11 that offers or sells securities or provides investment advisory services within or from Arizona until
12 such time as all penalties under this Order are paid in full.

13 14. Respondents agree that Respondents will continue to cooperate with the Securities
14 Division including, but not limited to, providing complete and accurate testimony at any hearing
15 in this matter and cooperating with the state of Arizona in any related investigation or any other
16 matters arising from the activities described in this Order.

17 15. Respondents consent to the entry of this Order and agree to be fully bound by its
18 terms and conditions.

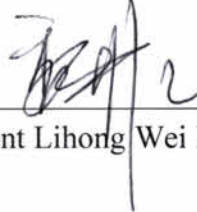
19 16. Respondents acknowledge and understand that if Respondents fail to comply with
20 the provisions of the order and this consent, the Commission may bring further legal proceedings
21 against Respondents, including application to the superior court for an order of contempt.

22 17. Respondents understand that default shall render Respondents liable to the
23 Commission for its costs of collection, including reasonable attorneys' fees and interest at the
24 maximum legal rate.

25 18. Respondents agree and understand that if Respondents fail to make any payment as
26 required in the Order, any outstanding balance shall be in default and shall be immediately due

and payable without notice or demand. Respondents agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

19. Respondent Lafrenz represents that she is the Director, Incorporator, and President of VGM and has been authorized by name of VGM to enter into this Order for and on behalf of it.


Respondent Lihong Wei Lafrenz

STATE OF ARIZONA)
County of *Maricopa*) ss

SUBSCRIBED AND SWORN TO BEFORE me this 20th day of December, 2021.


NOTARY PUBLIC

My commission expires:

April 9, 2024



Respondent Voice of Guo Media, Inc.

By Lihong Wei Lafrenz

Its President

STATE OF ARIZONA)
County of *Maricopa*) ss

SUBSCRIBED AND SWORN TO BEFORE me this 20th day of December, 2021.

Sara E Criscione
NOTARY PUBLIC

My commission expires:

April 9, 2024



SERVICE LIST FOR: Lihong Wei Lafrenz AKA Sara Wei, and Voice of Guo Media, Inc.

Keith Beauchamp
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